

Agency: Department of Revenue

Date of last revision to this plan: September 6, 2002

General Overview: Synergy with State IT Strategic Plan

This plan was prepared in accordance with the provisions of the Montana Information Technology Act of 2001 and a logical construct of the State IT Strategic Plan. As such, it supports and conforms to that plan. For example, throughout this document the reader will encounter the theme of a customer-oriented approach to the day-to-day business of the Department fully supported by information technology. Moreover, this plan recognizes the need to provide technology services in a timely and efficient manner, while participating to the maximum extent possible in the technology enterprise now taking hold in Montana. A number of key elements of the state IT plan are reflected in the Department's IT objectives. At a high level, those elements include:

- Growth and efficiency in providing electronic taxpayer services.
- Sharing information across agencies through integrated systems.
- Use of the MIS Services contract to procure services from vendors.
- Following industry and public sector IT best practices.
- Purchase of hardware, and where possible software through state term contracts.
- Full participation in statewide technology related boards and committees.
- Maximizing integration between IT systems and business practices.
- Active participation in information technology related security preparedness.
- Development of a robust security and business continuity framework.

1. Agency Contact Information

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2. Agency Description & Technology Overview

A. Mission Statement: *The Department of Revenue is a service-oriented and accountable organization where customers and employees are treated with courtesy, respect, and fairness; and where effective revenue, compliance, and collection services are provided to the public and to other governmental units in a fast, accurate, and cost-effective manner.*

The core elements of this mission are expected to be in place over the next six-year period.

Prioritized goals and objectives have been established in order to carry out the Department's vision and accomplish its mission. The primary business goals and objectives over the next six years include improving customer service and increasing revenue lift through reorganized business processes and implementing a process oriented integrated tax system. A more complete view of the Department's goals and objectives is available and may be found on: <http://discoveringmontana.com/revenue/css/default.asp> under "About the Agency." The following are major mission elements describing what the Department does:

- Provide services to all Montana taxpayers, treat them fairly, courteously, and consistently
- Provide information through a number of media to assist taxpayers in meeting their tax obligations
- Provide efficient services to implement Montana tax laws, write and implement rules, and oversee regulations related to taxation
- Collect taxes and process tax returns, payments, and refunds

Closely coupled with these mission elements are the Department's FY 2003 goals and objectives. Most will carry forward into the next biennium, as well as to the out year periods covered by this plan. Those specifically related to information technology are covered in the sections that follow.

B. Agency Profile:

The Montana Department of Revenue is composed of a Director's Office, divisions that perform taxpayer service and customer support functions, and supporting elements in the areas of legal, budget, tax policy, resource management, and information technology. The primary beneficiaries of the Department's services are Montana taxpayers, elected representatives, other government agencies, and a variety of associations and professional organizations. Primary business partners include the Departments of Labor & Industry, Administration, Agriculture, Livestock, Environmental Quality, and Health & Human Services. However, nearly all elements of state government have direct financial interest in the Department of Revenue's activities.

The Department uses a full range of methods and technologies to interact with stakeholders and other agencies. As is typical of many state agencies, the Department relies on the enterprise email system for a significant level of contact through direct exchange of messages and meeting notices. In addition, the Department maintains a web site that in the past year was converted to the Discovering Montana format, and an intranet site for sharing information and communications of a more internal nature. Newspaper and radio public service announcements are not uncommon forms of communication with taxpayers, particularly as new services are rolled out, and at key times during the tax year.

Focus on customer service is among the highest priorities at the Department. Specific to achieving high levels of support in this critical area are initiatives such as the Call Center operation – “one call that’s all” – designed to answer 80% of taxpayer inquiries without delay or transfer. Considerable attention is also directed toward taxpayer and stakeholder associations and professional groups. Ongoing collaboration through periodic meetings, public forums, and annual programs occur with interest groups such as Certified Public Accountants, the Montana Taxpayer’s Association, the Multi-State Tax Commission, and a number of other organizations with interests in revenue and taxation. The Department also hosts a Stakeholder Advisory Council that meets semi-annually, or more often as required, and is made up of legislators, agency directors, association executives, and individual taxpayers. This group provides advice and counsel to the Department on a range of taxation related issues.

1) Program Description(s):

Organizationally, the Department is subdivided into divisions and bureaus, sometimes called processes, sub-processes, and units. Approximately 50% of the staff are assigned to offices in the Helena area, with the remainder in all 56 counties. For much of the Department the customer base consists of the more than 450,000 taxpaying individuals and businesses that own property, conduct business, and earn income in Montana. All of the organizational units described below either interact directly with taxpayers, or support Department employees engaged in taxpayer activities.

The **Director's Office** provides management control, policy direction, revenue estimation, and legal services, and is organized in several sections.

- *Policy & Performance Management* oversees strategic development of the Department’s budget, administrative policies and rules, planning processes, and Department-wide organizational change. PPM coordinates legislative implementation on behalf of the Department and external stakeholders, and oversees business integration of the Department’s Process Oriented Integrated Tax System (POINTS) project.
- The *Office of Dispute Resolution* reviews, facilitates and resolves taxpayer disputes internally through a variety of means, including mediation.
- The *Office of Legal Affairs* supervises the overall legal efforts of the department.

- *Tax, Policy & Research* is responsible for the statewide revenue estimation process, all state revenue legislation and legislative proposals affecting the department and economic data analysis.

The **Customer Service Center** provides a centralized point of contact for customers of the Department, while performing consistent service, revenue collection, and document processing activities for the department and state agency partners. The basic function of each section is:

- *Customer Intake* is the initial contact point for customers. This is the central point for the development and design of "user friendly " forms and instructions. Customer Information Consultants are supported by up-to-date technology, enabling them to answer customer inquiries for all tax types in a timely manner.
- *Processing & Retention Operations* is responsible for electronic commerce, document capture, remittance processing, accounts monitoring, records management, direct deposit of cash receipts and revenue, and mail distribution.
- *Accounts Receivable & Collections* is a single point of contact for debtors and is responsible for delinquent account collection and enforcement activities.

Compliance, Valuation & Resolution staff oversee audits and perform a variety of compliance activities including audits, problem resolution and disputes, and appeals in order to verify tax-paying entities are in compliance with the law. CVR also establishes consistent property valuation of properties statewide with three district offices representing geographic areas of the state. Those districts are further divided into eight regions and all counties in order to provide timely and quality customer service to the taxpaying public.

Resource Management provides services and support to external stakeholders and employees of the Department through effective integration and management of several functions including Human Resources, Accounting, Payroll, Facilities Management, Education, Communications and the Liquor Distribution Unit.

Information Technology is responsible for planning, coordinating, delivering, and controlling information services. These tasks include network support, applications development and maintenance, data access and protection, information security, and internal user assistance, and ensure the Department can fulfill its business objectives.

- i. **Specific URL:** <http://discoveringmontana.com/revenue/css/default.asp>

2) Size of Agency

- i. **Number of FTE:** 664

- ii. **Number of FTE that are IT Related:** 35

iii. **Number of Locations:** 59, with one office in each Montana county and three locations in Helena including the Mitchell Building central office, the liquor warehouse, and the old Armory Building.

iv. **Operating Budget:** \$32,930,873 (Agency); \$2,456,223 (IT)

v. **IT Budget as a % of Total Operating Budget:** 7%

vi. **Other Pertinent Information:** N/A

C. Previous IT Accomplishments: During the past two years the Department has regressed in virtually all areas of IT accomplishments, due to being fully consumed with the POINTS project. The expectation of a fully implemented POINTS project providing timely customer service for taxpayers, enhanced revenue collection for the state, and efficient systems for use by departmental employees through a customized, integrated computer system has not been realized. During calendar years 2001-02 some progress was made in bringing POINTS to stability. A maintenance implementation and stabilization project plan is in place along with a clearly defined scope of work – called a Target List – with established milestones leading to a goal of stability by December 31, 2002.

D. Description of Current IT Environment:

The Department uses a wide range of micro and mid-tier information systems including desktop and laptop computers, servers, printers, and scanner equipment. One AS-400 server is maintained in-house to support the Computer Assisted Mass Appraisal tax processing system. Nearly every county office has a low-end server installed.

The Department collects a variety of tax related information from Montana residents, out of state individuals, businesses and corporations. Federal and state laws preclude providing detailed descriptions of the specific information collected. The Department distributes a great deal of information to the public through hard copy forms and documents, many of which are also available on-line.

Generally the Department's hardware, software, and major applications are at or beyond the point of useful service life. While the POINTS application is new, and will provide an integrated approach to performing the Department's business, it is also not yet stable nor fully in production. Beyond POINTS however, most of the major applications need replacement. Similarly, significant numbers of the desktop workstations in use need to be replaced during the next biennium. The tables below illustrate these points.

Type	PC	PC OS	Desktop Software	Mid-Tier Hardware	Network OS
1 Emerging	38%	0	0	0	0
2 Mature	42%	60%	100%	0	100%
3 Declining	8%	40%	0	100%	0
4 Obsolete	12%	0	0	0	0

NOTE: At the time this document was updated the Department was in the process of upgrading over 220 PCs, and associated operating systems and desktop software. The numbers in this table do not reflect PCs taken out of service that are being held for surplus disposal.

Type	Major Applications	Notes
1 Emerging	POINTS (Process Oriented INTEgrated Tax System) County Collections System Data Entry Statistics System Livestock & Hail Insurance System	Stabilization plan in place Visual Basic Visual Basic Visual Basic
2 Mature	One Stop Licensing IT4 (Income Tax)	Oracle 6i Mainframe Cobol
3 Declining	Accommodations Tax System Computer Assisted Mass Appraisal (CAMA) System Business Equipment Valuation System (BEVS) & Montana Operations Data System (MODS)	Mainframe IDMS Resides on AS400 Current in Cobol, not adequate for business
4 Obsolete	Corporation License Tax System New Hire System Abandoned Property System Cigarette Quota System Solid Minerals System Local Government Tax System Inheritance Tax System (Clipper) Various miscellaneous tax types	Oracle Designer 1.3.2 Oracle Designer 1.3.2 Clipper Clipper Clipper Clipper Sunset 6/30/02 PC based systems & Excel spreadsheets

[Updated 9/6/02] Nonstandard Software/Hardware

The Department does employ and maintain some software and hardware that does not conform to the current list of state standards in both categories. A brief explanation of those applications and devices follows:

Hardware

- AS/400 server that supports the CAMA, and Liquor systems. Until business decisions are made and budget requests formulated for replacing these systems the Department does not intend to migrate the existing systems on the AS/400 to other platforms.

Software

- Entry Manager used by the Customer Service Center. This data entry software is in the process of being replaced by Visual Basic applications.
- TOAD – an Oracle tool used by developers in the POINTS and Legacy system environment. There are no plans currently to discontinue use of TOAD.
- Amicus Attorney – An application used extensively by the Department's legal staff. Use is anticipated to continue indefinitely.
- Snagit – An application to enhance users ability to copy, drag and drop diagrams and text into a variety of documents. There are no migration plans for this application.
- NIPrint – an IP based LPR server software that supports more than one printer at a time. This application will be replaced when upgrades to Windows2000 (or better) are made.
- Omni Page Pro – This is OCR recognition software used by the Customer Service Center. There are no migration plans for this application.
- Passport – A software application that allows DOR users to access a number of credit unions for financial tracking. There are no migration plans for this application.
- Cardiff Teleform and Castelle Faxpress – These imaging and fax software packages provide extensive support in the Customer Service Center. Both have been upgraded recently and their use will continue for the foreseeable future.
- Server Magic – This is disk-partitioning software for servers. The Department expects that when the two servers running this application are replaced this software will no longer be needed. No replacement schedule has been determined.
- WordPerfect -- Two small groups within DOR are still using this application. The WordPerfect merge macros will be replaced by POINTS Phase II during the fall of 2003. The legal staff will continue to use, and will require upgrades to WP based on requirements set by the Secretary of State's office.
- Lotus – The audit staff continues to use this software. However, new audits are being done in Excel, and the need for Lotus will diminish over time.
- HEAT – This is a Goldmine derived package that supports the Information Services Center Help Desk, and is also used extensively to track defects in POINTS. There are no plans to migrate to another tracking tool.
- Multi Edit – A programmer tool and there are no plans to discontinue its use.
- Clipper – A number of the Department's legacy tax systems are based on Clipper. As reflected elsewhere in this plan the Department's long-range goal is to convert all Clipper systems into Oracle and migrate them into the POINTS environment.
- PageMaker, Photoshop, and ProComm – Used by the web team, developers and network staff. Use is anticipated to continue.

E. Obsolescence Issues:

1. Property Tax System. As mentioned previously, a strong business case existed in the 1990s for a new property tax system to support reappraisal. Planned as part of the POINTS Phase II project, the vendor failed to develop and deliver this system. A stronger business case thus exists for replacement of CAMA, MODS, BEVS prior to reappraisal in 2008.
2. The New Hire reporting system is obsolete and currently running on unsupported Oracle software. Priorities for this system are established by DPHHS. A project requiring 500+ hours would be required to bring this system into a current version.
3. The remaining systems listed in categories 3 and 4 of the table above were envisioned to be converted into the POINTS environment as time and funding permit.
4. Mitchell Building wiring – Currently category 3 on the third and fourth floors (DOR spaces), needs to be category 5 to support current Ethernet technology and come into compliance with ITSD recommended standards.
5. Approximately 50% of the Department's current inventory of individual computer workstations is at or beyond the 4-year replacement cycle. This number will decrease substantially with the replacement of over 200 PCs by 12/31/02.
6. 128 of the Department's printers are 4 or more years old and in need of replacement.
7. The Department's DOR_OPS_002 Internet server is a pc class machine purchased in 1999 and lacks the capacity to provide adequate service to Department users.
8. Network staffing support is currently at a ratio of 1 technician to 83 users. This is significantly higher than is common in many public and private sector organizations. Supporting aging hardware and software in 59 locations increases the burden on this staff. Additional FTE are required to support the network needs of the Department.

F. Planned IT Changes:

In 1998 the Department embarked on an ambitious project to replace many stand-alone tax processing computer systems with POINTS, the process oriented integrated system operating on a Unix database in the Oracle applications environment. This roughly \$32 million effort envisioned building a core system and converting all tax types into the resulting application. Those tax types include Wage-based (unemployment and withholding), property, income, and corporate license taxes, along with numerous legacy systems used to process stand-alone taxes such as abandoned property, accommodations, cigarette quota, inheritance, and solid minerals.

Due to the investment of funds and people, any discussion about what the Department intends to accomplish in information technology between Fiscal Years 2004 and 2007 starts and ends with the POINTS application. The system relies on established interfaces with other enterprise systems within state government such as SABHRS and MISTICS. Because of its integrated nature, POINTS is scalable from the standpoint of businesses and individuals registered in the system, as well as for incorporating additional tax processing systems into the operating environment.

Elements of the second phase of the POINTS project, such as the Individual Income Tax (IIT), and Corporation Tax (CT) are ongoing as this document was prepared. However, the property tax element of that project did not materialize, and the Collection Services system – for which conversion remains incomplete – is still unable to meet business user requirements.

By way of review, the property tax component of POINTS failed to materialize and was terminated in 2001. As a result, the Department requested and received a \$219,000 decision package during the 2001 legislative session to refurbish or update essential components of CAMA (Computer Assisted Mass Appraisal), the legacy system supporting property. It operates on an AS400 platform maintained by the Department, and interfaces with two legacy systems, the Montana Ownership Database System (MODS), and the Business Equipment Valuation System (BEVS). Although MODS and BEVS reside on the ITSD Mainframe and are currently operating on the latest COBOL release, all of these systems are many years beyond design life.

Since the Department established an unambiguous need in 1997 to replace the three property related legacy systems, an even stronger business case exists for replacement during the out year period covered by this report. It is possible that a commercial off the shelf property system could be available and adaptable to meet Montana's property tax requirements. Such a system might require several million dollars of new funding over a two-year or longer timeframe to develop, test, and implement.

Other significant IT changes that could affect the Department are primarily at the discretion of the Legislature. For example, the addition of any new tax type would require a system be built or purchased to support processing that specific tax. Such a project would likely need to be incorporated into the POINTS environment, or require interfaces to be constructed for that system. Along the same line, any legislated changes to existing tax types, such as income, corporation, or wage-based taxes could potentially require significant changes in POINTS.

Finally, the Department is not able to predict with a high degree of confidence what tax changes the Legislature may adopt. Thus beyond a new tourist tax system and reductions in individual income taxes, there are no other known, significant IT changes reflected in this plan. However, potential application changes could include the following:

- Full or partial implementation of POINTS
- Building or purchasing a system to support the proposed tourist tax
- Replacing the property tax systems (CAMA, MODS, BEVS)
- Conversion projects for the DEQ Underground Tank Storage, and the DPHHS Food and Consumer systems into the One Stop Licensing System (OSL)
- Upgrade the Abandoned Property System
- Upgrade Oracle v6i for POINTS

G. Planned IT Budget Initiatives:

For the past several years the Department's IT budget request has not accurately reflected the level of effort needed to support existing network operations and application development and maintenance. For the FY2004-05 biennium the Department will propose significant changes in IT related funding. These changes will require analysis on the type of staffing required for long-term POINTS maintenance. Staffing options include additional FTE, continuing to operate with a mixture of FTE and supplemental staffing support from the MIS Services contract, or outsourcing the POINTS maintenance function to a vendor. The Department anticipates that a Decision Package request on IT staffing will be a part of the FY 2006-07 budget cycle. Regardless of the option selected, additional funding will be required in the FY 2004-05 biennium.

Other major IT budget requests for the out years will be geared toward legislative changes in tax law and the IT support required to build, purchase or convert the related systems. For example, several information technology Decision Packages (DPs) have been submitted as EPP items for FY 2004-05 budget. Excerpts from those DPs follow:

1. EPP #1 for POINTS maintenance, Agency priority #1: Additional Funding for POINTS Maintenance

EPP Request Justification: Currently the Department of Revenue has 18.00 FTE in the Applications Bureau. This number includes 16 programmer analysts and 2 managers. Of those, 11 programmer analysts and 1 manager are assigned to POINTS maintenance, augmented by a 12 member IT consultant & professional staff working under the MIS Services contract on a full time basis. This staffing level will be in place through the end of FY 2003. Thereafter a combination of FTE and supplemental consultant & professional staff are expected to be needed to perform long-term POINTS maintenance.

The FY 2002 base funding for IT – consultant & professional staff in the IT program is approximately \$314,000. These funds are used to contract for specific skill sets through the MIS services contract. Services include development, analysis, and programming in the areas of maintaining the Oracle based One Stop Licensing System; visual basic programming and development; POINTS production recovery functions, peak processing support, interface analysis and programming between mainframe and Oracle environments, and Database Administration for POINTS and legacy systems.

The skills shown above are either under represented, or not resident within the IT staff. Additional funding of \$500,000 each FY of the biennium will retain or provide “resident” expert contract developers or programmer/analysts for highly complex modules in POINTS such as Accounting, Returns Processing, Case Management, and Forms & Correspondence. This amount covers the costs of 4 full-time IT – consultant & professional staff at current MIS contract rates.

Estimated Costs in FY 2004 are \$500,0000; in FY 2005 are \$500,000; both from the general fund

This request ties directly to Goal #1, Objective #3; and Goal #2, Objectives 1, 2, and 3 in Part C of the next section.

2. EPP #3, Agency Priority #3: Increased Mid-Tier Service Level Agreement Costs for ITSD Service Level Agreement funding.

EPP Request Justification: Within state government the DOR is responsible for the largest share of payments for ITSD hosted mid-tier support through Service Level Agreements (SLA). The Department's estimated mid-tier costs in base year FY 2002 are \$712,000 divided between bonded and HB 2 funds.

Bringing stability to the POINTS application and completing Phase II will reduce the need for database instances, and the disk utilization on ITSD hosted mid-tier servers. Yet even with a reduction of 30 percent in the Department's needs for 2005 biennium, at current rates, estimated mid-tier costs would still be in the range of \$500,000 annually. While it is too early to determine what rate methodology ITSD will have in place for the 2005 biennium, it is clear that the Department's estimated FY 2002 base year costs will be well short of estimated costs for FY 2004 and FY 2005.

Given the uncertainty in DOR database instance needs, along with potential changes in rate calculations, the DOR estimates that an increase over estimated base year FY 2002 for mid-tier support will be \$352,000 for the biennium.

Estimated Costs in FY 2004 are \$176,000; and in FY 2005 are \$176,000; both from the general fund.

This request ties directly to Goal #2, Objective #3 in Part C of the next section.

3. EPP #6, Agency Priority #6: Upgrade Mitchell Building 3rd and 4th floor wiring to Category 5.

EPP Request Justification:

The Department's LAN needs have grown substantially over the past several years and suffer due to low transmission speeds of the Token Ring connectivity. The need for more LAN bandwidth is directly proportional with deployment of client server applications (such as POINTS). Current and future applications have overstressed the load on existing LANs, and bandwidth (LAN speeds) needs to be upgraded to accommodate the increasing network traffic. The Token Ring architecture has reached the end of its life cycle and should be replaced with higher speed switched Ethernet hardware at the first opportunity. DOR and state

standard application software systems also require the higher bandwidth capabilities of the Ethernet architecture.

The current LAN wiring installed in the 3rd and 4th floors of the Mitchell building is not capable of supporting the Ethernet standard. In order to convert the Department's Mitchell Building LAN network to Ethernet, the LAN wiring infrastructure must be converted to the Category 5E standard. Reaching the ITDS current standard requires rewiring every data jack in the Mitchell building (approx 400 jacks on 3rd & 4th floors). Estimated Costs for FY 2004 are \$100,000 from the general fund.

This request ties directly to Goal #2, Objective #4 in Part C of the next section.

4. EPP #5, Agency Priority #5: An Oracle upgrade for the POINTS application is anticipated during the next biennium.

EPP Request Justification:

The last upgrade to the POINTS Oracle software, from version 6.0 to 6i, was performed early in FY 2001. That project required a team of 10 developers for five months and cost approximately \$225,000. The Department anticipates that future upgrades to Oracle software will occur on a 2-3 year cycle, with a similar level of effort, and require costs in the range of \$250,000 – 300,000. Base year FY 2002 does not include funding for Oracle software upgrades. The Department believes it is prudent to plan for one Oracle upgrade for the 2005 biennium. The cost of this EPP is estimated to be \$250,000.

This request ties directly to Goal #1 Objective #3, Goal #2 Objective #2, and Goal #4 Objective #1 in Part C of the next section.

5. Build or buy a system to support the proposed tourist tax. At the time this document was prepared the new tourist tax proposal was beginning to emerge as having significant potential for Executive sponsorship, and action by the Legislature during the 2003 session. Estimates vary widely on both the eventual outcome and correspondingly, the type of system that would be necessary to support this new tax type. As a result, no projections are included here on the time, cost, or level of effort that will be required should such a system be mandated by the Legislature.

This request ties directly to Goal #4, Objective #5 in Part C of the next section.

3. Agency IT Goals and Objectives Supported by Information Technology

A. Description of Agency IT Direction:

The primary purpose of the Department's IT organization is to support over 650 internal customers with application development and maintenance, network services, and help desk support. By extension, supporting the IT needs of Department employees includes providing some level of customer service to Montana's individual and business taxpayers.

While the Department's current biennium goals and objectives focus mainly on the business of collecting revenue and appraising property, nearly all business functions rely heavily on technology. As a result, the major direction for IT in the Department is to provide customer support and services to those elements of the agency directly involved in the day-to-day business activities. Of no less importance is the IT support in the area of customer service to taxpayers such as the range of electronic services associated with paying and collecting taxes.

Overall, the use of IT within the Department is broad and continuing. This reliance is anticipated to grow steadily, and in a manner that mirrors how technology is impacting private and other public sector organizations.

The current IT vision statement includes the following elements. Additional detail on IT direction may be found on the Department's web site.

Vision – IT is a DOR business process partner that is:

- A key participant in crafting the Department's vision and carrying out its mission.
- Customer orientated to provide professional, quality, timely services.
- Reliable, competent, and responsive to changes in the business and technology environments.

Mission:

- The IT staff teams with DOR Business Units, to produce viable solutions providing maximum benefit to taxpayers and Department employees.
- IT employees are considered the most valuable technology assets at the Department. As such they are respected, recognized for their contributions, and encouraged with developmental opportunities.
- IT works cooperatively with external organizations to effectively and efficiently meets the needs of the citizens of Montana, other governmental organizations, and the Department.

The best example of benchmarking mechanisms in place relate to the POINTS Maintenance and Stabilization plan – a document that was jointly crafted with Dr. Joel Henry, PhD, an associate professor of computer engineering at the University of Montana. This document established clear project plans, timelines, measurement tools, status reporting, and organizational assignments that have been put in place to first stabilize, and then maintain this complex, integrated application.

While the Department may be behind some others in the area of IT Best Practices, a number of actions have been taken that will make the Department a model of how to perform IT projects and long-term application maintenance. Those actions include the addition of key staff over the past 18 months, significant changes in project planning, leadership oversight, and implementation of industry standards such as Software Program Manager's Group best practices, along with best practice recommendations from Dr. Henry who is also an IEEE Certified Software Engineer.

Over the next two biennia the Department will continue to focus on how to manage its information technology projects to ensure the best possible outcomes. Techniques the Department will use include, but are not limited to following recognized industry standards, adequate technical staffing, detailed quality assurance and testing, ensuring that independent validation and verification are a part of every project, technical and managerial training, and leadership oversight.

B. How IT Supports Agency Mission, Goals & Objectives:

Effective use of technology is critical to enabling the Department's two primary objectives: enhance customer service and increase net financial benefit to the state. Over the past two biennia the Department developed a number of strategies that focus on the use of technology to enable major business activities: state tax administration, property valuation and assessment, and liquor distribution.

POINTS Project

The Department implemented Phase I of the Process Oriented Integrated System (POINTS) late in 1999. Rationale for deploying POINTS was simple: the system was envisioned to move the Department technologically forward from reliance on many stand-alone, and aging legacy systems to an efficient computing environment. Successful implementation of POINTS envisioned providing significant benefits to the state:

- Improved tax processing accuracy, and accelerated, efficient taxpayer services
- Adaptable system architecture responsive to both technological advances and legislative actions to promote efficiency and allow flexibility
- Streamlined departmental processes
- Enhanced customer service through a single call center staffed by business experts
- Increased revenue lift

Designed and built in two phases, the initial project established the foundation for overall integrated tax administration. The POINTS project supported the Department's move to a customer-focused, process-centered organization with complete integration between business and information systems. The core functions of POINTS include modules to register customers, process returns, account for payments and liabilities, manage cases and accounts for audits and collections, and to prepare related forms and correspondence.

The POINTS production application processes only the wage-based taxes of Employer Withholding and Unemployment Insurance. A subsequent project completed in 2001 incorporated the Combined Oil and Gas (COGS) System into the POINTS environment.

The acceptance-testing phase of the POINTS II project was nearing completion as this document was prepared. This project integrates additional major tax types such as Individual Income and Corporate License and Income taxes into POINTS.

It should be noted that the current status of POINTS is not fully implemented. Some mission critical functions such as Case Management, and elements of the Accounting module are not yet fully operational. The Department has developed a detailed plan for bringing POINTS to stability, and to maintain the application once it is stable. From a technology standpoint, this is the Department's highest priority, and one on which much of the strategic plan depends. Bringing POINTS to stability, and maintaining the application will be possible through:

- Focusing the Department's IT and business staffs on the single goal of correcting defective code in the POINTS production application. A project plan is in place and substantial progress is being made as of the start of the third quarter CY 2002.
- Beyond legislative imperatives, initiating no new IT projects, including implementing POINTS Phase II, prior to calendar year 2003.
- Additional plans for reconciliation between the two phases of POINTS, parallel implementation of Phase II, and combined project staffing are ongoing.
- Staffing and maintenance options for FY 2004/05 and beyond are in coordination with ITSD and the budget office staff.

Technology use Today and Tomorrow

1. Individual Options

The department maintains several electronic filing options for Montana's Individual Income Tax filers. For calendar year 2002 and in collaboration with Montana Interactive Inc., a payment by credit card option was added to enhance electronic options for taxpayers. Among the current electronic filing options are:

- The Joint Federal/State Electronic Filing program enables individuals to jointly file their federal individual income tax return and their Montana individual income tax return electronically.
- Internet filing and credit card tax payments are now options for Montana individual income tax returns.
- A system called "Telefile" remains available for eligible taxpayers to file their Form 2S using the telephone.

Comparative data on the Department's electronic filing options demonstrates significant progress is being made in this major E-government initiative that combines improved customer service with adding efficiency and ease of access to government programs. The table below shows seven years of data associated with electronically and telephonically filed individual income tax returns.

Calendar Year	ERO Filed	On-Line Filed	Telefile	Total
1995	1689			1689
1996	11503			11503
1997	16907		13131	30038
1998	26258		19724	45982
1999	37126	476	21698	59300
2000	49703	6889	20663	77255
2001	78515	10833	19697	109045
2002	102919	17837	18101	138857

NOTE: Data for 2002 includes returns received through 9/6/02

These numbers provide clear evidence of a steep upward trend in electronic filing, notably the 21% increase for all types of electronic filing over the prior year. As a result of progress being made in electronic filing and payment options, this area will continue to be an emphasis item for the Department in FY 2004-05 and beyond.

2. Business Options

For Montana's business taxpayers, the Department also maintains a number of filing remittance options. Among the options for businesses are:

- Warp on the Web (WOW) – The Department implemented the web-based WARP On the Web (WOW) to enable employers to file their unemployment/withholding quarterly tax returns and remittances electronically.
- EDI – The Department uses Electronic Data Interchange (EDI) technology to transmit wage-related data to the IRS from MTQ 941 forms. Analysis is underway to consider converting to the emerging XML process.
- State Tax and Wage Reporting System (STAWRS) – This program simplifies joint federal and state reporting of withholding and unemployment insurance taxes for business. The Department uses electronic fax scanning and EDI technology for this reporting project.
- One-Stop Licensing (OSL) – This project created a centralized licensing program where businesses obtain or renew licenses, fees and permits required by Montana. The project focused on 13 licenses, involving seven state agencies, and the 1999 Legislature authorized the expansion of the pilot to include all licensees identified by state agencies.
- Automated Clearing House (ACH) Debit and Credit payments

Several of the projects listed above benefit from the use of scannable payment coupons to capture taxpayer specific information related to remittances without manual data entry. Such technology enables the Department to reduce the reliance on staff intervention for processing remittances and also saves the state funds related to banking costs. Scannable payment coupons are currently used to process corporate, individual income, withholding, and unemployment insurance taxes as well as One-stop licensing payments.

In addition, the Department uses fax/scan technology, which eliminates the need for manual data entry by capturing electronically the data, submitted by customers through fax technology. This technology supports Agency Liquor store orders, the New Hire program, and STAWRS.

Additionally, in collaboration with the Department of Administration and local governments, the Department continues its work on the Montana Cadastral Project. This project is building the cadastral (ownership) layer for all property parcels in the state. The ownership layer is the foundation upon which other layers will rest. The functions and capabilities available by using geography information system (GIS) technology in the property tax arena make this project critical to improving state and local government's ability to provide public services.

3. Future Technology Opportunities

As the POINTS project began in 1998, the Department envisioned full implementation of the core modules and several major tax types before calendar year end 2001. Tax types planned for the POINTS environment included Wage-based, Income, Corporate License, and Property. That these plans were not realized is a fact widely known within state government, and by legislative oversight committees, and is not further addressed within this plan.

However, problems with implementing POINTS required the Department to initiate unplanned actions that placed unanticipated demands on technology staff, along with the business activities they support. Consequently this plan outlines areas where new initiatives are underway, and where older systems are being operated in creative ways beyond expected useful service life.

In the case of Property taxes, for example, the legacy systems supporting these tax types will likely remain in service toward the end of the period covered by this plan. Three separate systems, two in the mainframe environment, and another operated on an AS400 platform, were scheduled to sunset during calendar year 2001. Such systems will require people, and contract support, along with maintenance and operating enhancements for the foreseeable future. Included in this category are:

- Integrating additional tax types into POINTS. Of the 30+ taxes the department administers, over 15 are not at this moment scheduled for integration into POINTS. Integration of remaining taxes will continue to enhance customer service and increase net financial benefit to the state.

- Future options for Warp on the Web (WOW) include the possibility of working with Montana Interactive, Inc., to provide a web-enabled application.
- Alternatives to STAWRS include converting to a Visual Basic format, converting to the XML standard for both STAWRS and other Departmental applications, or contracting with ITSD to provide an XML translation process for selected applications including STAWRS.
- Developing a Visual Basic program for data entry error checking will add efficiency in the Customer Service Center.
- Potential exists to purchase an existing off the shelf system, similar to those in use in other states, to track and process unclaimed or abandoned property.
- Imaging solutions – The Department currently enjoys a collaborative imaging effort with the Department of Administration. But archiving imaged documents is just the beginning of what this technology can provide for the business operations in the Department. Additional imaging capabilities would enable the Department to capture information from filed returns, then verify and integrate information into the POINTS system. Enhanced imaging capability would help reduce data entry and taxpayer error rates, thus adding efficiency to both input and output tax processing activities. The Department will investigate imaging technology in the next biennium to further progress being made in reducing taxpayer and data entry error rates.
- Expanding web capabilities – Longer-range plans include web-enabling both the STAWRS and One-Stop Business Licensing systems in order to make them available to a larger population of businesses in the state.
- With a conversion to XML to replace the current STAWRS application, the Department may realize new opportunities to participate more fully in the Federal Offset Program.

The Department's strategic direction beyond fiscal year 2003 includes continued expansion in the E-government arena with emphasis on increasing returns filed electronically. The Department intends to promote taxpayer access to electronic filing, payment, communications, products, and services. It is the Department's intention to make those functions simple, inexpensive, and secure for the benefit of customers, and to reduce the options of calling and mailing for tax services. The Department will aggressively protect transaction integrity and accuracy and substantially reduce electronic transaction processing costs. In that light, the Department has adopted the following objectives for e-Government:

- Electronically transact with 80% of the State's taxpayers by 2007
- Achieving a 100% transaction integrity and accuracy rate
- Achieving 80% taxpayer, and 90% transmitter satisfaction rates with e-Government solutions. Progress measurements in these areas are anticipated to be available through surveys with taxpayers, those who prepare and transmit returns, and departmental employees.

Regarding the issue of managing and maintaining technology resources with in-house or outsourced staffing, the Department is in the process of evaluating both options. While the

POINTS project remains the Department's number one priority there will be a mixed staff of FTE and contract developers hired under the MIS Services contract. Beyond 12/31/02, the date planned for POINTS stability, it is not yet clear what staffing option will be pursued for the long-range maintenance plan.

C. IT Goals & Objectives

Goal #1: Promote fair and consistent treatment of all customers through uniform application of tax and liquor laws.		
Supported State Goal/Objective/Initiative: The State IT Vision statement, the goal of effective management, and the goal of efficient use.		
Objective(s)	Timeframe	Measure
Objective #1: Maintain legacy tax systems while developing plans and initiating projects to convert these systems into POINTS	2004-05 biennium	Legacy systems converted
Objective #2: Complete revision of the Department's web site for compatibility with the state Discovering Montana format	Initiated 6/01 Completed 9/01	Completed on schedule
Objective #3: Stabilize the POINTS application	Target: 12/31/02	Complete the target list shown in the March 2002 Implementation and Stabilization Plan

Goal #2: Continually seek greater efficiency in agency programs, helping to ensure that resources are used wisely.		
Supported State Goal/Objective/Initiative: The goal of shared resources, the initiative of implementing best practices, and the goal of enterprise infrastructure.		
Objective(s)	Timeframe	Measure
Objective #1: Stabilize POINTS I (production) by resolving defects critical to Department operations	By 12/31/02	Meet or exceed tax processing standards in the Customer Service and Compliance, Valuation and Resolution business processes
Objective #2: Implement a comprehensive maintenance plan for POINTS Phase I, covering level of effort for production operations, defect tracking and remediation, enhancements, and conversions	12/31/01	Completed 3/20/02
Objective #3: Reconcile, parallel test and implement Income and Corporation License taxes into POINTS	8/31/03	Progress against the project plan
Objective #4: Upgrade Mitchell Building wiring to Category 5 to support Ethernet technology standard recommended by ITSD	12/31/02	Project completion

Goal #3: Make conducting business with the Department as simple and pleasant as possible.		
Supported State Goal/Objective/Initiative: The theme of customer focus, the goal of efficient use of technology, the goal of promoting E-government, and the goal of enterprise infrastructure.		
Objective(s)	Timeframe	Measure
Objective #1: Implement a system to perform property reappraisal in an efficient, integrated fashion to support the next cycle of property reappraisal.	Decision package or EEP request for the 2005 legislative session	TBD
Objective #2: Increase customer access to electronic products and services with state of the art technology, automated access to forms and reports, and enhanced filing and payment options.	Credit card payment implemented in 2002. Other features will be added based on available time and budget	Number and % of returns filed and paid through electronic means
Objective #3: Remove barriers to electronic filing and payment such that by 2007 at least 80% of tax returns are processed in the electronic environment.	Increase 10-15% annually from 2002 through 2007	Number and % of returns filed and paid through electronic means

Goal #4: Obtain net financial benefit for the state through the proper administration of tax policy.		
Supported State Goal/Objective/Initiative: The theme of economic empowerment, the goal of well managed IT processes, the goal of efficient use, and the goal of enterprise infrastructure.		
Objective(s)	Timeframe	Measure
Objective #1: Implement POINTS Phase II and establish performance metrics such that the state realizes revenue lift of at least .05% by fiscal year 2004.	Completion by August 2003	POINTS implemented for Individual Income Tax and Corporation License Tax for the 2004 tax cycle
Objective #2: Develop a Visual Basic data entry error checking system for the CSC.	During fiscal year 2003	Implementation
Objective #3: Develop/implement a system to record, track and manage Accommodations Taxes.	May link to Objective 1	Implementation
Objective #4: Replace the CAMA, MODS, and BEV Systems to support both the current and the next cycle of property reappraisal.	Decision package or EEP request for the 2005 legislative session	Implementation
Objective #5: Develop a new system to process a tourist tax, and convert POINTS to process reduced rates for individual income and capital gains taxes.	Legislative action 2003 Project initiation 2003 Project completion 2004	Processing receipts for this new tax type
Objective #6: Develop a system to enable participation in the Treasury Offset Program	Fiscal Year 2004	ASAP
Objective #7: Perform cost/benefit analysis for a system for Abandoned & Unclaimed Property based on models in use in other states.	Calendar year 2002	On hold due to budget constraints
Objective #8: Provide an integrated solution to process Contractors Gross Receipts taxes, and for the Retail Telephone Excise tax.	Calendar year 2003	Implementation

Goal #5: Foster a positive relationship with government and citizen groups impacted by the Department.		
Supported State Goal/Objective/Initiative: The goal of governmental and private sector cooperation, the goal of well managed IT projects, and the goal of shared information resources.		
Objective(s)	Timeframe	Measure
Objective #1: Add systems from other agencies to One Stop Licensing. Candidates include DEQ Underground Storage Tanks, DPHHS Food and Consumer Safety.	Time and budget permitting in FY 2003	Project completion
Objective #2: Save time and increase efficiency by replacing or converting other legacy systems into the POINTS environment with timely lookup, cross match, customer reference and tracking capabilities.	TBD	All tax types converted and migrated to POINTS

[Updated 9/6/02] Goal #6: Develop & implement an IT Disaster Recovery Plan and incorporate it into the agency Business Continuity Plan.		
Supported State Goal/Objective/Initiative: Business Continuity		
Objective(s)	Timeframe	Measure
Objective #1 – Will actively participate with the state Service Delivery Team for Disaster Recovery	June 2004	Attend and participate in meetings
Objective #2 – Conduct disaster recovery planning within the agency and prepare an agency disaster recovery plan for IT	June 2004	A completed disaster recovery plan
Objective #3 – Incorporate the IT disaster recovery plan into the agency business continuity plan	December 2004	A business continuity plan which includes disaster recovery

Goal #7: Respond to legislative mandates for new tax types and modifications to existing tax processing systems.		
Supported State Goal/Objective/Initiative: Economic empowerment		
Objective(s)	Timeframe	Measure
Objective #1 – Modify existing or implement new system capabilities to support effective tax administration of programs defined by the legislature.	To be determined	Timely implementation of required functionality.

D. Agency IT Administration Objectives:

The Department has established procedures and methods to be fully compliant with State IT standards and related policies. As one of the strongest supporters of moving state government in the direction of enterprise solutions for information technology reform and standardization, the Department is a full partner in the ongoing growth of technology partnership and good stewardship. For example, the Department participates at the agency director level in the Information Technology Board, and at the IT Administrator level in the SummitNet Executive Council. In these, and other formal and informal relationships with ITSD and other agencies the Department fully practices the guidance set forth in the State Information Technology Plan.

Other examples of the Department's approach to enterprise government and interagency cooperation abound. Among the most prominent is the support DOR provided to ITSD through membership on the SummitNet Executive Council on issues related to Enterprise policies for network access, electronic mail, and Internet use by state employees. Some of the other relevant examples include:

- Compliance with state standards for desktop software, purchase of workstations from the term contract, and maintaining to the extent possible, within budgetary constraints, version currency with software applications and desktop and server hardware.
- State CIO participation in the POINTS project to assist the Department in developing options for reconciliation and implementation, long-range application maintenance, establishing an industry standard and best-practice approach, and crafting strategies for future direction of the project.
- Maintaining a high standard of compliance in procuring contracted IT services and support. The Department has worked closely with ITSD on revised standards and common language in work orders, and always seeks coordination and approval from the ITSD Policy Bureau prior to initiating contracts.
- During calendar year 2001 the Department established an IT security and policy working group with the goal of updating or crafting a wide range of information security policies and procedures. This group meets weekly and includes a mix of business, managerial, and technology staff. Several policy and procedure documents have been crafted and forwarded to management for approval, while other IT related security drafts are in work. Among the salient points being addressed within the realm of IT security are:
 - Working closely with security managers in ITSD to ensure consistent practices in policy development, response to threats, and training.
 - Moving immediately to implement and enforce enterprise policies related to email and Internet use, network access consent forms, warning banners, and monitoring & filtering procedures.

- Establishing procedures and best practices for temporary computer access, employee transfers and terminations, new users, external access, data classification, and training for new employees.
- Overhaul of the user access procedures and password protection logic for the POINTS application.
- Initiating methods for network security monitoring with benchmarks for attempted intrusions, inactive accounts, continuous logins, and password protection. In partnership with ITSD the Department is pursuing the purchase of Blue Lance LTAuditor, a tool that will allow network monitoring.

[Updated 9/6/02] Per the CIO letter dated 8/7/02, the Department looked at the issue of future data storage needs. At present there are no known system needs or project requirements that would significantly expand or change the data storage needs for DOR. As new tax systems are contemplated and considered by the legislature the Department's technology planners will carefully consider the data storage requirements, and include estimates and projections along with the fiscal notes attached to prospective legislation.

The Department intends to complete the 2002 reappraisal cycle using CAMA, BEVS and MODS as appropriate to that effort. These systems will be maintained as best as possible until their replacement can be planned, built/acquired, tested and installed. To that end, the Department will request funding for a planning effort in the 2005 biennium with the expectation of bringing a replacement proposal to the 2005 legislative assembly.

4. Uses of Information Technology - IT Initiatives

Request #: 1	EPP#	Priority	Activity Type	Start Date	End Date
Title: POINTS Maintenance	201	Very High (1)	Maintenance	Ongoing	Ongoing

2) Business Requirement

Stabilize and maintain POINTS, the Department's primary computer application for tax processing functions.

3) IT Goals & Objectives Supported

IT Goal(s) Supported	Associated IT Objective(s) Supported
Goals #1 and #3	Goal #1 Objective #3, and Goal #2 Objective #1

4) Description of Request

See section 2G of this document.

5) Technical Approach

POINTS is a client server (mid-tier) application residing on ITSD maintained RS6000 servers in the Oracle environment. The application resides on state standard desktop hardware and interfaces with the Windows suite of applications. POINTS provides users the ability to generate forms and correspondence and track a customer by various means across many tax types. POINTS interfaces with other major integrated systems such as MISTICS at DOLI, and SABHRS in DOA.

The POINTS databases reside on RS6000 servers maintained by ITSD and financed through annual service level agreements. Those agreements are frequently updated as the needs for instances and disk space change, and are anticipated to remain in place through the system's life cycle.

Consulting services obtained through the MIS Services Term Contract are heavily used to support POINTS stability and maintenance.

The Department spends approximately \$1.5 million annually on contracted services. A decision package has been submitted to OBPP to expand the appropriated amount for contracted services in org 20200 from \$314,000 to \$814,000 annually so that senior systems analysts serving as module leads can be contracted to continue providing POINTS support in future years.

6) Special Concerns

7) Estimated IT Resources

<u>Section/Unit</u>	FY02-FY03	FY04-FY05	FY06-FY07
<u>Hardware</u>	0	0	0
<u>Software</u>	0	0	0
<u>Personal Services</u>	12/12	12/12	Unknown
<u>Outsourced Services</u>	See paragraph #5 above	See paragraph #5 above	See paragraph #5 above
<u>Training</u>	~\$20,000 annually	~\$20,000 annually	~\$20,000 annually
<u>Software Annual Maintenance</u>	~\$1.5 million contracted services, and \$600,000 in personal services FTE	To be determined	To be determined
<u>Hardware Annual Maintenance</u>	Reflected in ITSD mid-tier SLA rates. FY 2002 cost was \$889,000	Reflected in ITSD mid-tier SLA rates. FY 2002 cost was \$889,000	Reflected in ITSD mid-tier SLA rates. FY 2002 cost was \$889,000
<u>Total</u>	Current law apps and bonded funds	\$1,000,000	TBD

Request #: 2	EPP#	Priority	Activity Type	Start Date	End Date
Title: Mid-tier costs	202	High (3)	Maintenance	Ongoing	Ongoing

2) Business Requirement

Adequate funding in the mid-tier environment for POINTS production and testing database needs to support the tax processing requirements of the Department.

3) IT Goals & Objectives Supported

IT Goal(s) Supported	Associated IT Objective(s) Supported
Goal #2	Objective #3

4) Description of Request

See section 2G of this document.

5) Technical Approach

This is a budget and enterprise environment driven EPP without significant technical issues.

6) Special Concerns

The mid-tier rate setting methodology currently employed for mid-tier services may result in costs that the Department could manage more effectively by purchasing RS6000 servers for the POINTS application. Preliminary, and not fully evaluated estimates suggest that 2-3 servers and another 2 contract DBA could result in biennium costs between \$500,000 and \$750,000. Amortized over a 3-year replacement cycle and compared to the Department's FY2002 mid-tier costs of \$889,000, the Department could potentially realize savings approaching \$500,000 per biennium rather than participating in the current enterprise environment offered by ITSD. Discussions are underway with ITSD on determining the most cost effective options for the Department's mid-tier services.

[Updated 9/6/02] The department will work with ITSD to carefully review Service Level Agreements particularly as related to mid-tier charges. Presently DOR is spending \$750,000 each year, or \$1.5 Million a biennium for mid-tier space on ITSD hardware. The department estimates biennial costs of purchasing its own mid-tier server, maintenance staff, and other operating costs, including systematic back-ups to provide data recovery, to be considerably less than current charges. In these very difficult budgetary times our agency must carefully examine all expenditures, especially mid-tier rates that are the largest single operating expenditure in DOR.

History will show the department has been supportive of the enterprise solutions for technology services while recognizing that those solutions must be at or near least cost. Unless it can be shown that these subscriptions are cost effective, the department will be forced for budgetary reasons alone to consider other alternatives. The department looks forward to solving this important question by working with the ITSD staff to arrive at the most cost effective solution.

7) Estimated IT Resources

<u>Section/Unit</u>	FY02-FY03	FY04-FY05	FY06-FY07
<u>Total</u>	Current law appropriations and bonded funds	\$356,000	TBD

Request #: 3	<u>EPP#</u>	Priority	Activity Type	Start Date	End Date
Title: Oracle Upgrade for POINTS	203	High (5)	Maintenance	Enhancement	Ongoing

2) Business Requirement

Maintain the POINTS application's currency with future Oracle version releases

3) IT Goals & Objectives Supported

IT Goal(s) Supported	Associated IT Objective(s) Supported
Goals #1, #2, and #4	Goal #1 Objective #3, and Goal #2 Objective #2, and Goal #4 Objective #1

4) Description of Request

See section 2G of this document.

5) Technical Approach

Procure an upgrade team from the MIS services contract. Work on site with the POINTS maintenance team with separate database instances set up to provide for development and testing. When the software upgrade is complete schedule a new version release in conjunction with ongoing testing and regression cycles in the maintenance and implementation environment.

6) Special Concerns

7) Estimated IT Resources

<u>Section/Unit</u>	FY02-FY03	FY04-FY05	FY06-FY07
<u>Hardware</u>	N/A	N/A	N/A
<u>Software</u>	N/A	Contracted services @\$250,000	Contracted services @\$250,000
<u>Personal Services</u>	N/A	N/A	N/A
<u>Outsourced Services</u>	N/A	N/A	N/A

<u>Training</u>	N/A	N/A	N/A
<u>Software Annual Maintenance</u>	N/A	N/A	N/A
<u>Hardware Annual Maintenance</u>	N/A	N/A	N/A
<u>Total</u>	N/A	\$250,000	\$250,000

Request #4	EPP#	Priority	Activity Type	Start Date	End Date
Title: Develop system for tourist tax initiative	N/A	Medium	New Initiative	FY 2004	FY 2004

2) Business Requirement
Perform business functions to process collection and compliance for a new tax on a variety of tourist related activities.

3) IT Goals & Objectives Supported	
IT Goal(s) Supported	Associated IT Objective(s) Supported
Goal #4	Objective #5

4) Description of Request

See section 2G of this document.

5) Technical Approach

Following guidance in the statewide IT Strategic Plan and the Office of the CIO direction in planning new IT projects the Department will, if necessary develop options to build a new system or purchase an off the shelf system to perform the required tax processing functions within or outside of the current POINTS environment.

6) Special Concerns

Several areas of concern exist for proceeding with such a project. Those include initiating the planning phases prior to legislative approval, ongoing POINTS stability and implementation efforts offering conflicting priorities, level of funding being adequate to complete a project of this nature, and having sufficient time available to apply a best practices approach rather than having a mandated implementation date for having the system in production.

7) Estimated IT Resources

<u>Section/Unit</u>	FY02-FY03	FY04-FY05	FY06-FY07
<u>Hardware</u>	N/A	TBD	TBD
<u>Software</u>	N/A	TBD	TBD
<u>Personal Services</u>	N/A	TBD	TBD
<u>Outsourced Services</u>	N/A	TBD	TBD
<u>Training</u>	N/A	TBD	TBD
<u>Software Annual Maintenance</u>	N/A	TBD	TBD

<u>Hardware Annual Maintenance</u>	N/A	TBD	TBD
<u>Total</u>	N/A	TBD	TBD

Request #5	EPP#	Priority	Activity Type	Start Date	End Date
Title: Upgrade wiring in Mitchell Building to Category 5	204	High (6)	New Initiative	FY 2003	ASAP

2) Business Requirement

Upgrade current category 3 wiring to category 5 to support Ethernet connectivity and increased LAN needs of the Department and come into compliance with ITSD recommended standards.

3) IT Goals & Objectives Supported

IT Goal(s) Supported	Associated IT Objective(s) Supported
Goal #2	Objective #4

4) Description of Request

See section 2G of this document.

5) Technical Approach

This upgrade would be handled within the existing state procurement and contracting standards and would require little, if any IT project planning within the scope of this document.

6) Special Concerns

Failure to upgrade the current wiring in the Mitchell Building will degrade customer service and increase user inefficiency due to extended wait times for system response.

7) Estimated IT Resources

<u>Section/Unit</u>	FY02-FY03	FY04-FY05	FY06-FY07
<u>Total</u>	Not currently funded	\$100,000	TBD

Request #6	<u>EPP#</u>	Priority	Activity Type	Start Date	End Date
Title: Treasury Offset Program	606	High (20)	New Initiative	FY 2004	ASAP

2) Business Requirement

Under the IRS Restructuring and Reform Act of 1998 states may participate in a collections program through the Department of the Treasury Financial Management Service. States send a list of eligible taxpayers in delinquency status to Treasury and FMS will withhold federal tax refunds to be applied against the state delinquency. Nation-wide collections in CY 2001 were \$84.7m, and estimated annual revenue to Montana is in the range of \$600,000 to \$750,000

3) IT Goals & Objectives Supported

IT Goal(s) Supported	Associated IT Objective(s) Supported
Goal #4	Objective #2, Objective #6

4) Description of Request

Initiate a project plan including programming, software and installation, hardware and maintenance, and certified mailings to allow Montana to participate in the Treasury Offset Program by the end of Fiscal Year 2004.

5) Technical Approach

Evaluate compatibility with the ongoing POINTS project as well as stand-alone capabilities. Initiate a project through the MIS services contract using standard project management methodology and the usual project phases. Work to be done on-site. When development and testing are complete, perform implementation in coordination with Department of the Treasury Financial Management Service.

6) Special Concerns

N/A

7) Estimated IT Resources

<u>Section/Unit</u>	FY02-FY03	FY04-FY05	FY06-FY07
<u>Total</u>	Not currently funded	\$168,000	\$67,800 annually